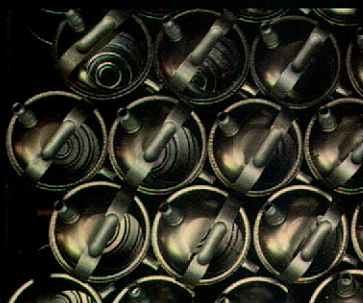
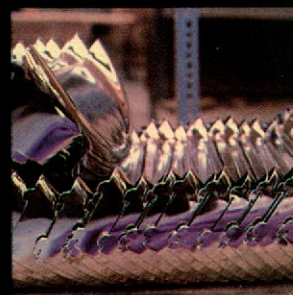


Anticipating the Eighties

GSW ANNUAL REPORT 1979





GSW Limited / Limitée
Executive Offices
Royal Bank Plaza
South Tower
Suite 2270
P.O. Box 157
Toronto, Ontario, Canada
M5J 2J4

Facts in Brief

(\$000's except per share data)

	1979	1978 Restated
Sales	\$61,997	\$58,655
Net income before extraordinary item	4,507	3,552
Net income after extraordinary item	4,507	3,823
Earnings per common share		
Before extraordinary item	1.10	.86
After extraordinary item	1.10	.92
Extraordinary dividends on common shares	—	13,742
Annual dividend on common shares	820	—
Working capital	10,351	9,901
Current ratio	1.9 to 1	2.1 to 1
Shareholders' equity	21,421	18,338

Board of Directors

R. M. Barford
P. de Gaspé Beaubien
W. J. Bushnell
H. B. Davis
G. M. Farquharson, Q.C.
D. S. R. Leighton
J. K. Loudon
R. A. Stevens
Ben Wosk

Director Emeritus

Miss M. P. Hyndman, Q.C.

Ce Rapport Annuel est
disponible en français, sur
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GSW LIMITÉE / GSW LIMITED
Royal Bank Plaza
Tour sud
Bureau 2270
C.P. 157
Toronto, Ontario, Canada
M5J 2J4
Attention: Trésorier

Officers

R. M. Barford,
Chairman
R. A. Stevens,
President
W. R. Arbuthnot
Vice-President
G. S. Dickson,
Vice-President, Corporate
W. A. Farnell,
Vice-President
D. G. Fixter,
Vice-President, Corporate
M. O. Hickman
Vice-President
F. O. Price,
Vice-President,
Research and Development
D. G. Woodrow,
Vice-President
D. A. Barnes,
Treasurer
G. M. Farquharson, Q.C.,
Secretary
W. D. Campbell,
Assistant Vice-President

Share Transfer Agents

Common Shares,
National Trust Company
Limited

Bank

The Bank of Montreal

Audit

Clarkson Gordon

Annual Shareholders Meeting

April 30, 1980
Royal York Hotel
New Brunswick Room
100 Front Street West
Toronto, Ontario
at 11:00 A.M.

Anticipating the Eighties

A GSW Corporate Overview

GSW moves from the decade of the Seventies to the Eighties with clear objectives. New opportunities for success are attainable due to the significant changes in the company during the past decade. Now, consolidated in purpose and looking toward future growth, GSW's primary objective is to continue to be a market leader in all its product categories.

The entire program of marketing and sales strategies, highlighted in this report, rests securely on the foundation of GSW product integrity. Chief among the factors that account for GSW's growing domestic and international success is its focus on product performance and reliability.

GSW, today, is a company of interesting contrasts, clearly focused corporate goals combined with self-determination and autonomy of decision-making at the divisional level; emphasis on product innovation combined with strong commitments to traditional concepts of quality and value; competitive sales and marketing strategies combined with carefully considered and attainable objectives; short, medium and long range planning combined with an orientation to the present and an immediate response capability. These characteristics serve to strengthen the company by encouraging the most effective use of human resources, facilities and technology.

Ushering out a decade of significant accomplishments, GSW can review 1979 with a sense of satisfaction. Product improvement and marketing diversity have strengthened the core businesses. Technological and manufacturing advancements have resulted in increased efficiency and productivity. GSW products now circle the globe as the company records steady growth in international markets.

Ongoing research and development activity, to which GSW is committed, provides the company with important applied research and design capabilities. The Sheridan Park facility also maintains liaison with appropriate government agencies and departments.

Research and Development Activities

Working closely with GSW manufacturing and engineering personnel, the R & D staff continually assists in refining and improving existing products, as well as in developing new ones. In the past year, for example, R & D did development work on high-efficiency, energy-conserving gas and electric water heaters for both residential and commercial use.

Among other projects, R & D helped develop a line of plastic pails and sprinklers; experimented with the idea of "foamed" vinyl gaskets to seal joints in the plastic rainware line; redesigned the locker line to reduce the cost of field assembly; and, developed a more reliable and efficient floatswitch, impervious to water, for the submersible pump.



Some GSW products just recently introduced to the marketplace owe their success, in part, to R & D efforts. The vinyl rainware, for example, had its technical development and quality control program, including the testing facility, done by R & D. Developmental work and field testing were accomplished by R & D on the use of vinyl fittings with painted steel eavestrough.

The contributions of research and development give an important assist to sales and marketing activities. The most sophisticated and refined strategies are only academic unless products perform in the field. Research and Development helps assure that they do.

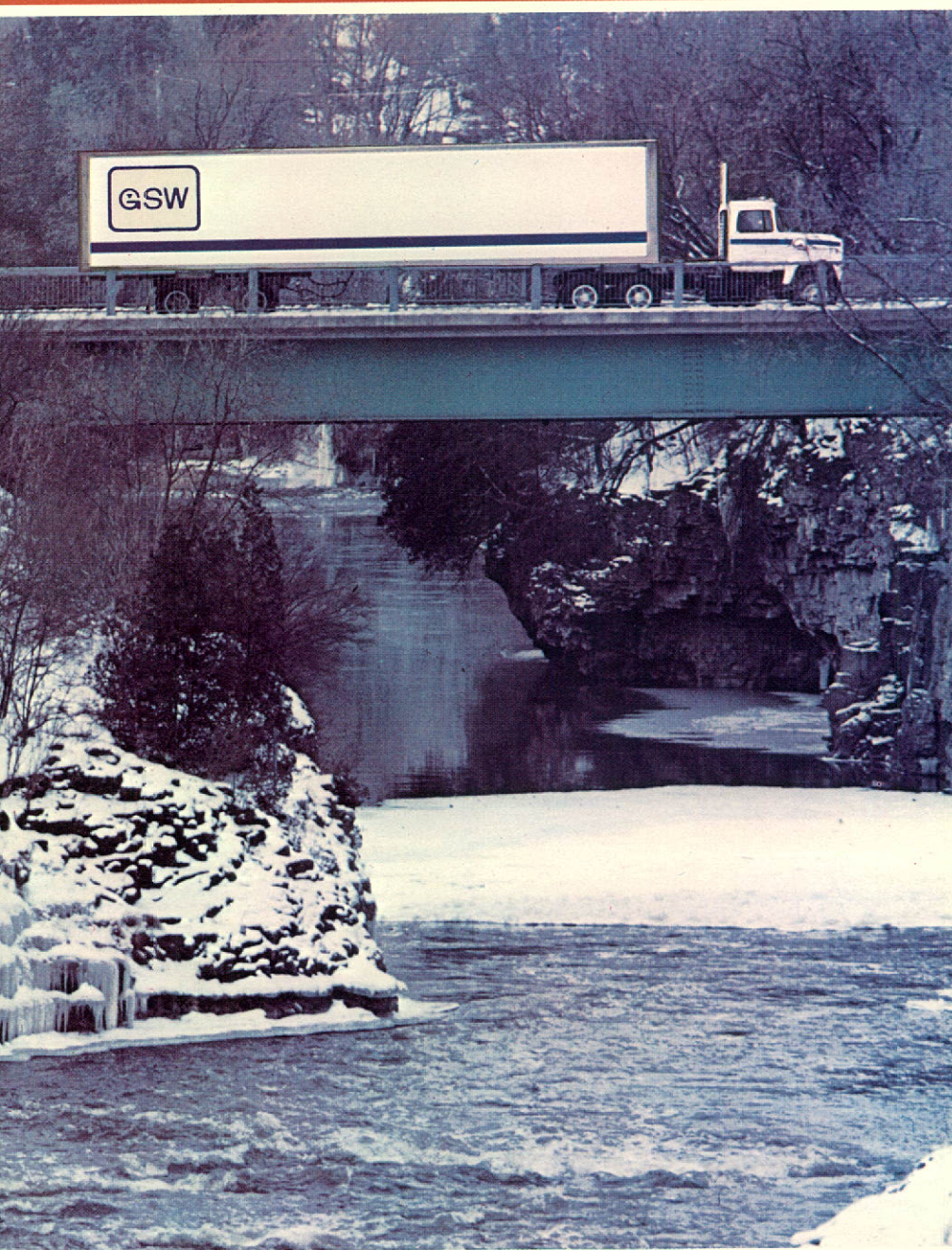
International Operations

Selling GSW products internationally requires flexible and innovative marketing efforts, particularly in the areas of the world where GSW is new to the marketplace. Dedicated marketing efforts have produced rewarding results.

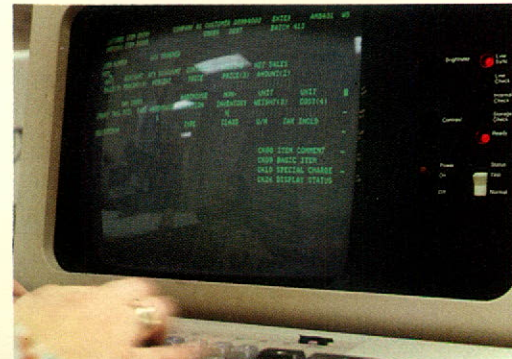
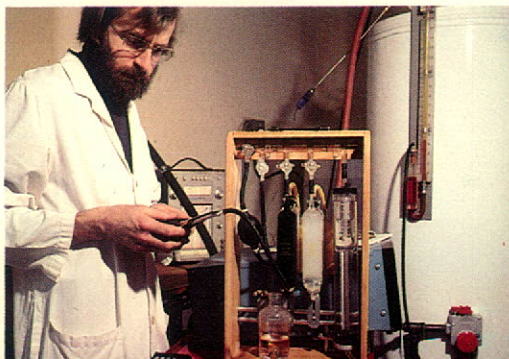
After careful examination of worldwide economic and commercial opportunities, wringer washers were marketed in the Middle-East, the Carribean, South America, the Far-East, and Africa through international trading organizations which were firmly established in those marketplaces with complementary product lines. In addition to complete wringer washers, production components are sold to these markets. This allows for less expensive bulk shipping, and equally important, encourages and supports the development of industry in the destination countries.

In the product areas of pumps, water heaters, and building products, considerable progress was achieved in 1979 towards entering markets in South America, the Far-East, and Europe. The new International division created its own sales and service organization by appointing distributors in each of the markets. Successful negotiations were assisted by the competitive advantage of the Canadian dollar; by consistent product quality which could be demonstrated in the field; and by being responsive to the market requirements.





GSW's computerized system of inventory control and material handling provides efficient customer service. At GSW's Research Centre at Sheridan Park, Ontario, information and data from research libraries across the continent is obtained through GSW's remote terminal.



Building Products

Following a strong Canadian performance in 1978, sales of stove pipe continued to grow in 1979. Introduction into the United States has exceeded expectations. Marketing strategy for the United States called for GSW sales managers to create a national network of independent agents who, in turn, sell to distributors and retail chains. As a result, GSW stove pipe is now sold in most parts of the United States.

As more urban and rural homeowners participate in energy conservation and cost savings, GSW stove pipe, with newly added accessories and a recently developed superior paint system, is expected to continue a strong, steady growth pattern.

In support of the stove pipe line, GSW has strong customer service, participates in major North American trade shows, provides co-op advertising programs, and advertises in trade publications.

Vinyl raingoods continued its penetration of the Canadian market in 1979 through effective marketing programs combined with a dedicated sales force. In addition, the vinyl raingoods line was successfully introduced in the United States through a network of independent sales agents. All vinyl raingoods are now manufactured in Barrie, Ontario.

Metal raingoods, metal wastebaskets, galvanized ware, and lockers and toilet partitions continued to remain stable in the Canadian marketplace using the traditional strategy of direct sales efforts and co-op advertising. The company has expanded its participation in the office supply and sanitary supply channels of distribution.

In custom molding, a strategy to eliminate unprofitable products and become more specialized in specific materials was successfully implemented.

Improvements in customer service were achieved by the integration of distribution and warehousing with the marketing function while strengthening the field sales force by the addition of regional sales managers.





Vinyl rain goods manufactured by GSW are quick and easy to install. Snap-together components require no special tools while the tough vinyl finish means that periodic repainting is a thing of the past.





Pumps

In Canada, GSW has defined distribution channels for the sale of its diverse line of water and sewage pumps. The Barnes line of sewage and industrial pumps is sold to industrial distributors exclusively out of the GSW Bramalea facility; the Sta-Rite line is distributed through well-drillers and dealers; the Beatty line, through dealers only; and the MacDougall line, through wholesalers. In addition, GSW pumps, under private labels, are sold by most major merchandisers.

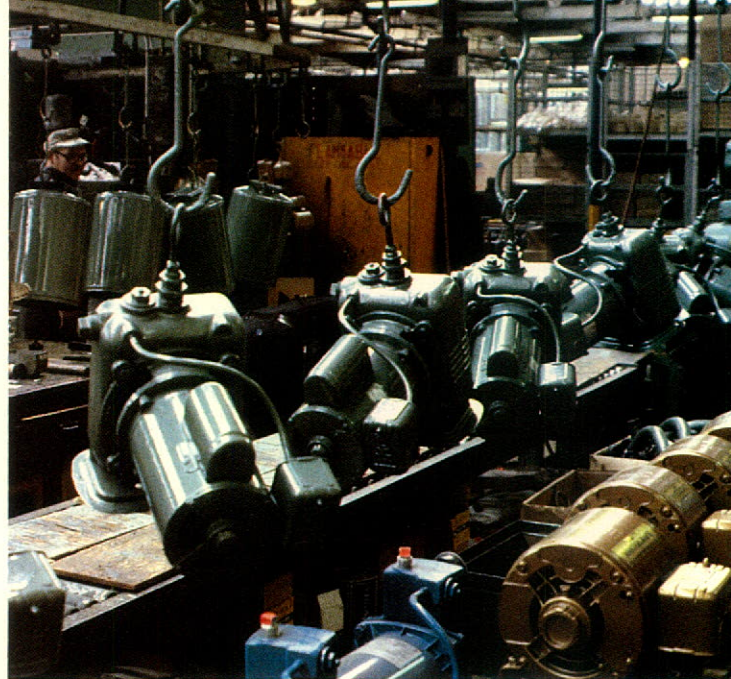
The strong market leadership position in pump products results from GSW's ability to service the unique needs of each level of distribution, with our specially trained national sales force.

The effective use of colour, packaging, and display units has helped make the GSW products more visible and accessible on the shelves of major retailers across Canada. In addition, advertising support in the form of product listings is used and GSW pumps are displayed in some forty trade or buying shows every year. GSW sales personnel conduct training schools for dealers, wholesalers and merchandisers.

In the United States, where GSW is successfully penetrating the marketplace against keen competition, all products are sold under the GSW name, predominantly to wholesalers by U.S.A. based agents under the guidance of the Canadian marketing and sales manager.

Product refinement and innovation are integral parts of the GSW marketing mix. The constant attention to product improvement and a highly qualified sales force, enable GSW to offer reliable, quality pumps and excellent service at competitive prices.





GWS pumps are the logical choice for the farm, for industry, the cottage or at home in the city. In all applications they assure reliable service at competitive prices.

Wringer Washers

Few household appliances have had the impact on North American lifestyles that the wringer washer has. Though now largely replaced by more sophisticated automatic washers and dryers, it was the wringer washer that helped revolutionize the life and times of North American housewives. GSW makes them today, and markets them successfully.

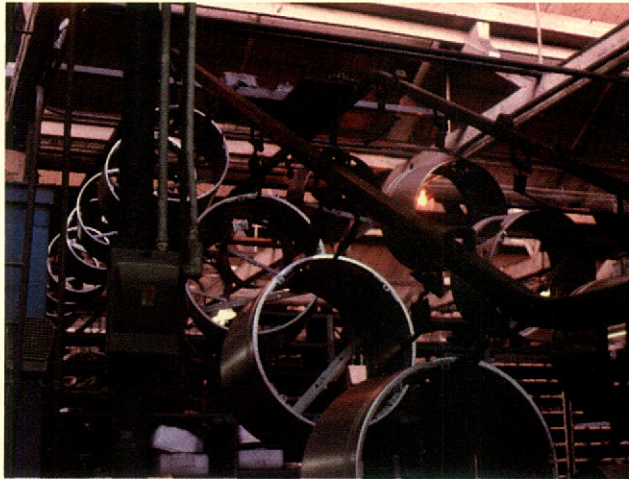
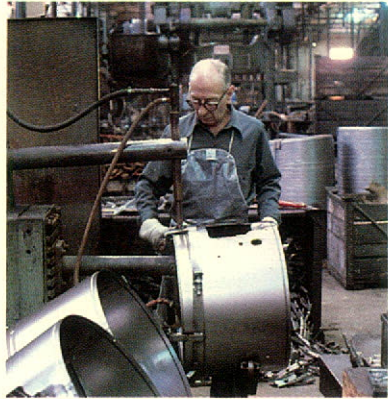
The domestic market is declining slowly, but GSW-made wringer washers are still sold by large merchandisers and independent dealers across Canada. Provincial social service agencies are also large customers.

The dealer network is serviced by commissioned agents, while major accounts are handled by company representatives.

The major share of GSW wringer washers is sold in growing foreign markets. Demand is increasing in the Middle-East, in Africa, in South America and in Puerto Rico, as living standards improve in the lesser developed countries of the world. The export market is primarily a private label market and includes a number of multinational companies.

The traditional wringer washer has been modified and improved by GSW. Improvements have been primarily in the form of better materials but, in order to service foreign markets, GSW has made product modifications to compensate for different voltage and frequency requirements, and for varying use conditions. For example, GSW is introducing a heating element in the tub for those parts of the world where hot water cannot be readily obtained.





GSW's time-tested washers are finding excellent acceptance in growing foreign markets. Rugged materials and product modifications to suit specific market requirements are built into these machines as part of the export marketing program.

Water Heaters

The marketing emphasis in 1979 has been on customer service. The GSW sales force has assisted our customers in their marketing efforts by calling on architects and contractors. This has resulted in expanded contact with the ultimate user of water heaters.

The addition of a sales administrator to liaise with customers has improved the capacity of both sales and service functions to respond quickly and effectively to customers' special requests.

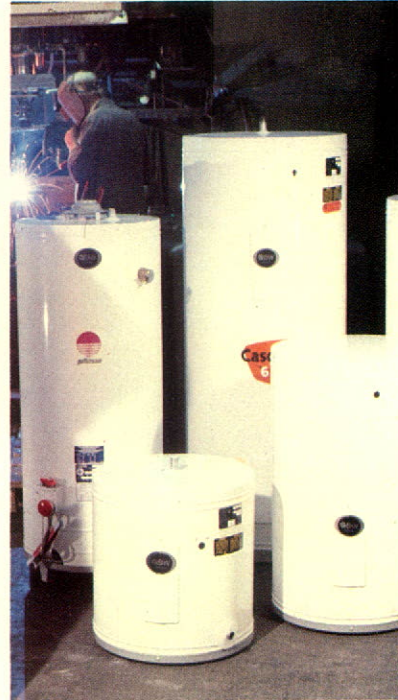
Catering to residential, construction and small commercial establishments, GSW maintains optimum inventory of finished product which provides fast response to customers.

Another aspect of the water heater marketing and sales strategy is the constant control of quality and improvement in aesthetic appearance of their products.

GSW water heaters have been demonstrated at every major trade show, whether industry, customer or government sponsored. Public relations efforts have included plant tours for many accounts in order to familiarize them with plant processes.

GSW has expanded its product line by providing additional sizes and capacities as well as products for the commercial market.





Hot water...quickly and abundantly supplied in households across Canada by GSW domestic water heaters. The addition of products for the commercial market and sizes and capacities for the international markets provide new growth opportunities.

Report of the Board of Directors

To the Shareholders

Net income in 1979 was \$4,507,000 or \$1.10 per share compared to \$3,552,000 or 86¢ per share before extraordinary item in 1978. Income after extraordinary item in 1978 was \$3,823,000 or 92¢ per share. There were no extraordinary items in 1979.

The higher income in 1979 was derived from both GSW operations and the company's equity interest in Canadian Appliance Manufacturing Company Limited.

GSW Operations

Sales of \$61,997,000 in 1979 were 6% higher than 1978 sales which included sales of the Housewares division until it was sold as of October 31, 1978.

Net income for the year from GSW operations was \$2,427,000 or 59¢ per common share compared to \$1,650,000 or 40¢ per common share in 1978.

Investment was under good control during 1979 and while year-end investment was higher than last year, it was due to a planned build-up in inventories required for 1980 programs and higher accounts receivable resulting from strong last quarter sales.

Resources were invested in capital and tooling to improve productivity, to develop and introduce new products, and to expand distribution.

Canadian Appliance Manufacturing Company Operations

In its third year of operation, this company, in which GSW holds 50% of the voting stock and 40% of the equity, had sales of \$291,511,000 compared to \$273,109,000 in 1978. Net income was \$5,314,000 compared to \$4,870,000 in 1978.

GSW's share of the Canadian Appliance Manufacturing Company's net income in 1979, less amortized acquisition costs, was \$2,080,000 or 51¢ per share compared to \$1,902,000 or 46¢ per share after amortization of acquisition costs in 1978.

The 1979 annual report of the Canadian Appliance Manufacturing Company has been mailed to GSW Shareholders.

Corporate Developments

a) Organization and Personnel: On January 8, 1980 Douglas G. Fixter was appointed Vice-President, Corporate with responsibility for Corporate Planning, Industrial Relations and Acquisition activities for the company. Mr. Fixter was formerly Vice-President, Finance.

Frank O. Price, Vice-President, Research and Development, assumed additional responsibilities for liaison with the Canadian Appliance Manufacturing Company.

William D. Campbell, formerly Assistant Treasurer, was appointed Assistant Vice-President responsible for audit and analysis of Canadian Appliance Manufacturing Company operations.
Douglas A. Barnes, formerly Assistant Secretary, was appointed Treasurer.

At the Directors meeting held on February 25, 1980, William R. Arbuthnot, General Manager of the Industrial Division, and Michael O. Hickman, General Manager of the Pump Division, were appointed Vice-Presidents.

b) Acquisitions: A number of potential acquisitions were identified during 1979. A program of systematic in-depth evaluation was developed and is underway to determine the most suitable candidates for compatibility and long term growth.

The personnel changes noted above will reinforce this program and add an important element of specialization while increasing the scope of the program.

c) Dividends: In 1979 a regular annual dividend policy was established by the Board of Directors and the first annual dividend of 20¢ per common share was paid on October 1, 1979.

d) Direction for the Future: All divisions operated very effectively in 1979 under the guidance of seasoned, capable and aggressive management teams and successfully increased penetration of the U.S. market in a number of product lines. This organized and dedicated effort to expand the domestic market of each division into the U.S.A., supported by a definitive acquisition program, will not only sustain but increase the favourable growth trend of recent years. This growth is further ensured by the progress being made by the International division in serving markets outside North America.

Conclusion:

1979 was a year of good growth in profitability as well as volume. The benefits of prior years' reorganization and rationalization were realized and formed a solid foundation on which to build for the future.

The Board would like to take this opportunity to thank all employees for their participation in this important year of development.

On behalf of the Board:



R. A. Stevens,
President



R. M. Barford,
Chairman

Consolidated Balance Sheet

December 31, 1979

(with comparative figures for 1978)

(\$000's)		1979	1978
Assets	Current:		
	Cash and short term deposits	\$ 501	\$ 761
	Accounts receivable	8,066	7,630
	Inventories-		
	Finished goods	4,551	3,546
	Raw materials and work in process	7,637	6,314
	Prepaid income taxes and expenses	1,103	1,017
	Total current assets	21,858	19,268
	Investment in Canadian Appliance Manufacturing Company Limited shares (note 6)	9,204	7,124
	Fixed:		
	Land, buildings and equipment	10,388	9,692
	Less accumulated depreciation	7,180	6,700
	Total fixed assets	3,208	2,992
Total assets		\$34,270	\$29,384

On behalf of the Board:

R. A. Stevens, Director

R. M. Barford, Director

		1979	1978
Liabilities	Current:		
	Bank loans	\$ 645	
	Accounts payable and accrued liabilities	10,081	\$ 8,718
	Income and other taxes payable	781	649
	Total current liabilities	11,507	9,367
	Long-term:		
	Provision for warranties, non-current portion	1,031	1,533
	Deferred income taxes	311	146
Shareholders' Equity	Share capital (note 2)—		
	Preferred shares		572
	Common shares	2,537	2,537
	Contributed surplus	427	456
	Retained earnings	18,457	14,773
	Total shareholders' equity	21,421	18,338
Total liabilities and shareholders' equity		\$34,270	\$29,384

(See accompanying notes)

Auditors' Report

To the Shareholders of
GSW Limited—GSW Limitée:

We have examined the consolidated balance sheet of GSW Limited—GSW Limitée as at December 31, 1979 and the consolidated statements of income, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of

the company as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 15, 1980.

Clarkson Gordon
Chartered Accountants.

Consolidated Statement of Income

GSW Limited – GSW Limitée

Year ended December 31, 1979

(with comparative figures for 1978)

(\$000's)		1979	1978
Sales		\$61,997	\$58,655
Operating costs:			
Employee compensation including benefits		14,576	14,630
Materials, supplies, services and other costs		42,339	40,829
Depreciation		631	619
Total operating costs		57,546	56,078
Income from operations		4,451	2,577
Other expenses (income):			
Interest income on notes of Canadian Appliance Manufacturing Company Limited			(390)
Interest income – other		(16)	(185)
Interest expense		240	384
		224	(191)
Income before income taxes		4,227	2,768
Income taxes – current		1,670	704
– deferred		130	414
		1,800	1,118
Income before equity interest in Canadian Appliance Manufacturing Company Limited and extraordinary item		2,427	1,650
Share of net income in Canadian Appliance Manufacturing Company Limited (note 6)		2,080	1,902
Income before extraordinary item		4,507	3,552
Extraordinary item:			
Gain on sale of housewares division (net of income taxes of \$89)			271
Net income for the year		\$ 4,507	\$ 3,823
Earnings per common share:			
Income before extraordinary item		\$ 1.10	\$ 0.86
Extraordinary item			0.06
Net income for the year		\$ 1.10	\$ 0.92

(See accompanying notes)

Consolidated Statements of Retained Earnings and Contributed Surplus

GSW Limited—GSW Limitée

Year ended December 31, 1979 (with comparative figures for 1978)

(\$000's)		1979	1978
Retained Earnings	Balance, beginning of year, as restated (note 6)	\$14,773	\$24,721
	Add net income for the year	4,507	3,823
		19,280	28,544
	Deduct dividends:		
	Preferred shares	3	29
	Common shares	820	13,742
		823	13,771
	Balance, end of year	\$18,457	\$14,773
Contributed Surplus	Balance, beginning of year	\$ 456	\$ 450
	Add gain on purchase of preferred shares		6
	Deduct premium paid on redemption of preferred shares	29	
	Balance, end of year	\$ 427	\$ 456

(See accompanying notes)

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1979 (with comparative figures for 1978)

(\$000's)		1979	1978
Funds were derived from:	Operations—		
	Income before equity interest in Canadian Appliance Manufacturing Company Limited and extraordinary item	\$ 2,427	\$ 1,650
	Add charges (credits) not requiring funds:		
	Depreciation	631	619
	Other	(337)	(195)
	Total funds from operations	2,721	2,074
	Proceeds on sale of non-current assets of housewares division less related closing costs and income taxes		417
	Reduction of notes receivable from Canadian Appliance Manufacturing Company Limited		3,035
	Proceeds on sale of fixed assets		979
	Total funds provided	2,721	6,505
Funds were applied to:	Dividends	823	13,771
	Reduction of long-term debt		537
	Purchase of fixed assets	847	478
	Redemption of preferred shares	601	32
	Total funds applied	2,271	14,818
Increase (Decrease) in working capital for the year		\$ 450	\$ (8,313)

(See accompanying notes)

Notes to Consolidated Financial Statements

December 31, 1979

1. Summary of significant accounting policies

The following is a summary of the significant accounting policies followed in the preparation of the consolidated financial statements:

(a) Inventory valuation—

Inventories are valued at the lower of cost and market. Cost is determined principally on a first-in, first-out basis. Cost includes material, labour and variable and fixed manufacturing overhead costs. No fixed manufacturing overhead costs are included in inventory valuation on quantities judged to be in excess of normal minimum inventory levels. Market value is net realizable value for finished goods and work in process, and replacement cost for raw materials.

(b) Fixed assets and depreciation—

Fixed assets are stated at acquisition cost, including transportation and installation charges.

Generally, depreciation is determined using the declining balance method. This results in accumulated depreciation of approximately two-thirds of the cost of an asset during the first half of its estimated useful life.

(c) Product warranty costs—

Anticipated costs related to product warranty are recorded in the year in which the product is sold.

(d) Pension plan costs (see also note 3)—

Costs relating to improvements in pension benefits granted by the company for employment in prior periods are amortized over fifteen years from the date such costs are established.

(e) Income taxes—

Income taxes are provided for on reported income in accordance with the tax allocation method of accounting. Under this method prepaid or deferred income taxes are recorded in respect of timing differences between reported income and current taxable income.

These timing differences relate principally to warranty costs which are deductible when paid rather than when accrued and differences between depreciation claimed for income tax purposes and that recorded in the accounts.

(f) Investment in Canadian Appliance Manufacturing Company Limited—

The investment in Canadian Appliance Manufacturing Company Limited is reflected on the equity method by which 40% of its net income is included in the income of the company. The acquisition costs in connection with this investment are being amortized over a five year period commencing in 1977.

(g) Other significant policies—

Continuing research and development costs are recognized as expenses when incurred. Engineering, tooling and patent costs are treated in the same manner.

2. Share capital

Preferred shares—5% cumulative of \$100 each, redeemable at \$105:

	Shares	Amount (\$000)
Authorized and issued less redeemed:		
At December 31, 1978	5,720	\$572
Redeemed in year	5,720	572
At December 31, 1979	Nil	Nil

Common shares without par value:

	Authorized	Issued	Amount (\$000)	
			1979	1978
Class A	1,356,464	197,441	\$ 116	\$ 113
B	20,000,000	428,693	271	259
C	1,360,369	1,112,355	654	657
D	21,360,369	2,363,567	1,496	1,508
	44,077,202	4,102,056	\$2,537	\$2,537

All classes of common shares are equal in every respect except that the Class "A" and Class "C" shares have 100 votes per share and the Class "B" and Class "D" shares have one vote per share. A holder of Class "A" or Class "C" shares may at any time convert them into an equal number of any other class of common shares. A holder of Class "B" or Class "D" shares may at any time convert from one to the other. All common shares participate equally, share for share, as to dividends.

The details of the net share conversions during the year are as follows:

	Shares issued Dec. 31, 1978	Converted in year	Shares issued Dec. 31, 1979
Class A	191,941	5,500	197,441
B	406,313	22,380	428,693
C	1,118,055	(5,700)	1,112,355
D	2,385,747	(22,180)	2,363,567
	4,102,056	—	4,102,056

During the year dividends totaling \$0.20 per share were declared and paid.

3. Pension plans

There are a number of pension plans for present and retired employees of the company. Based upon the most recent actuarial valuations the total estimated unfunded obligations of these plans as at December 31, 1979 amount to approximately \$649,000.

4. Remuneration of directors and officers

The company has nine directors. The aggregate remuneration paid to directors as directors was \$50,000. The company has ten officers of whom three are also directors. The aggregate remuneration paid to officers as officers was \$756,000.

5. Lease commitments

The company leases premises and equipment over various lease terms, with the annual rental payments being as follows:

1980	\$322,000
1981	304,000
1982	240,000
1983	168,000
1984	129,000

6. Canadian Appliance Manufacturing Company Limited

The company owns shares in Canadian Appliance Manufacturing Company Limited (CAM Co.) having 50% of the total votes and 40% of the equity participation. Set forth below is a summary of the financial position of CAM Co. as at December 31, 1979 and a summary of the results of its operations for the year then ended.

A. Summary of Financial Position

December 31, 1979

(with comparative figures for 1978)

(\$000's)

	1979	1978 (Restated)
Cash and receivables	\$ 47,932	\$ 45,678
Inventories	70,237	56,787
Other current assets	2,873	2,504
Total current assets	121,042	104,969
Short term bank borrowings	3,564	7,526
Other current liabilities	55,973	54,540
Total current liabilities	59,537	62,066
Working capital	61,505	42,903
Net fixed assets	23,166	24,218
Total fixed assets and working capital	84,671	67,121
Notes payable (net of current portion reflected above)	9,993	11,005
Term bank borrowings	42,190	30,000
Other non-current liabilities	9,739	8,681
Total non-current liabilities	61,922	49,686
Net assets	\$ 22,749	\$ 17,435
GSW interest therein	\$ 9,099	\$ 6,973
Unamortized acquisition costs	105	151
Equity interest in CAM Co.	\$ 9,204	\$ 7,124

B. Summary of Results of Operations

Year Ended December 31, 1979

(with comparative figures for 1978)

(\$000's)

	1979	1978
Sales of products and services	\$291,511	\$273,109
Operating costs:		
Employee compensation	92,138	84,480
Materials, supplies, services and other costs	182,140	172,431
Depreciation	2,921	2,973
Total operating costs	277,199	259,884
Income from operations	14,312	13,225
Financial expense	7,684	5,902
Income before income taxes	6,628	7,323
Income taxes	1,314	2,453
Net income for the year	\$ 5,314	\$ 4,870
GSW interest therein	\$ 2,126	\$ 1,948
Less amortization of acquisition costs	46	46
Equity interest included in statement of income	\$ 2,080	\$ 1,902

Adjustment of 1977 income

In 1979 CAM Co. received \$784,000, being the net of tax amount which represented the settlement of a claim for recovery of costs charged to income in 1977 which has been reflected in its statements as a prior period adjustment. The 1978 balance sheet, statement of retained earnings and statement of changes in financial position of CAM Co. have been restated accordingly.

As a result of this adjustment to CAM Co.'s financial statements, the company's share (40%) of the equity in the shares of CAM Co. has been increased by \$313,000 through a prior period adjustment. The company's 1978 consolidated balance sheet and consolidated statement of retained earnings have been restated accordingly.

Company Organization

Building Products Division

D. G. Woodrow,
Vice-President and General Manager

281 Birch Avenue
P.O. Box 526, Station "B"
Hamilton, Ontario
L8L 7X6

Galvanized Ware, Dairy Pails, Stove Pipe, Waste Baskets, Metal and Vinyl Roof Drainage, Toilet Compartments, Lockers and Gym Boxes

Pump Division

M. O. Hickman,
Vice-President and General Manager

599 Hill Street West
Fergus, Ontario
N1M 2X1

Beatty, McDougall, Sta-Rite Domestic Water Pumps, Tanks and Accessories, Barnes Sewage, Effluent and General Purpose Pumps, Engine Driven Contractor Pumps, Sta-Rite Swimming Pool Equipment

Industrial Division

W. R. Arbuthnot,
Vice-President and General Manager

599 Hill Street West
Fergus, Ontario
N1M 2X1

Wringer Washers
Wringers and Components

Water Heater Division

W. A. Farnell,
Vice-President and General Manager

599 Hill Street West
Fergus, Ontario
N1M 2X1

Electric and Gas Water Heaters, Glass Lined Range Boilers and Storage Vessels

International Division

G. S. Dickson,
Vice-President, Corporate and General Manager

1183 Finch Avenue West,
Suite 307
Downsview, Ontario
M3J 2G2

Sales of all product lines in markets outside North America

Research and Development Centre

F. O. Price,
Vice-President, Research and Development

2275 Speakman Drive
Sheridan Park
Mississauga, Ontario
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